

**Senate Study Bill 1158 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
ECONOMIC GROWTH/REBUILD  
IOWA BILL BY CHAIRPERSON  
SODDERS)

**A BILL FOR**

1 An Act relating to alternate and renewable energy production by  
2 creating an alternate and renewable energy incentive program  
3 applicable to alternate energy production facilities under  
4 specified circumstances.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 476.43A **Alternate and renewable**  
2 **energy incentive program.**

3 1. It is the intent of the general assembly to encourage  
4 the development of utility-owned and customer-owned alternate  
5 and renewable energy production facilities. The board shall  
6 establish and administer an alternate and renewable energy  
7 incentive program to encourage the development of alternate  
8 energy production projects across this state.

9 2. An alternate energy production facility with a nameplate  
10 generating capacity of less than or equal to twenty megawatts  
11 which seeks to enter into an interconnection and power sales  
12 agreement with an electric utility may submit an application  
13 for approval to the board. The board shall develop an  
14 application form and establish approval criteria by rule.

15 3. *a.* Eligibility for the program shall be contingent upon  
16 the following:

17 (1) Meeting the requirements of section 476C.1, subsection  
18 6, paragraph "b", subparagraphs (1) through (3), and  
19 subparagraphs (6) and (7), with regard to fifty-one percent  
20 ownership in the facility being comprised of one or more of  
21 the individuals or entities identified pursuant to those  
22 subparagraphs.

23 (2) Having applied for or obtained the necessary financing  
24 to cover facility construction and operation costs.

25 (3) Completing a standard interconnection request form  
26 established by the board by rule.

27 (4) Meeting the requirements for a qualifying facility  
28 pursuant to the federal Public Utility Regulatory Policies Act  
29 of 1978, 16 U.S.C. § 2601 et seq.

30 *b.* Notwithstanding the maximum ownership or purchase  
31 requirements of section 476.44, an electric utility shall  
32 interconnect with a facility which is approved by the board  
33 for participation in the program and shall purchase energy  
34 from that facility at the rates approved in the standard  
35 offer contract filed pursuant to subsection 4 with the board.

1 However, an electric utility shall not be required to purchase  
2 an amount of energy from new program participants in a given  
3 year which exceeds fifty percent of its retail sales growth  
4 during the previous year. Any amount of energy not purchased  
5 from program participants in a single year may be carried  
6 forward to subsequent years for at least five years.

7 4. The board shall develop a standard offer contract form  
8 to facilitate interconnection between an electric utility and  
9 a program participant. The form shall be subject to biannual  
10 review and periodic adjustment by the board with respect to new  
11 program participants. The board shall require all electric  
12 utilities to file with the board standard offer contracts  
13 consistent with the form, subject to modification and approval  
14 by the board. Electric utilities shall make the contracts  
15 available to any approved program participant. Standard offer  
16 contracts shall continue in effect for a twenty-year period,  
17 subject to termination provisions for failure to perform, to be  
18 established by the board by rule.

19 5. The standard offer contracts shall be calculated on  
20 a kilowatt-hour basis, and shall be based on each utility's  
21 cost, inclusive of its required rate of return, for the new  
22 development of each form of technology and project size,  
23 according to the following schedule:

24 a. For wind turbine facilities, separate standard offer  
25 contracts shall be calculated for facilities of between zero  
26 and one-half megawatt of nameplate generating capacity, and for  
27 facilities larger than one-half megawatt but less than twenty  
28 megawatts of nameplate generating capacity. The contracts  
29 shall incorporate rates based on a single reference tower wind  
30 speed, to be determined by the board by rule, and adjusted to  
31 the wind speed of the project location.

32 b. For photovoltaic facilities, separate standard offer  
33 contracts shall be calculated for facilities of between zero  
34 and twenty kilowatts of nameplate generating capacity, and for  
35 facilities larger than twenty kilowatts of nameplate generating

1 capacity.

2 c. For waste management facilities, agricultural crop and  
3 residue facilities, and hydroelectric facilities, separate  
4 standard offer contracts shall be calculated for facilities  
5 of between zero and one-half megawatt of nameplate generating  
6 capacity, and for facilities larger than one-half megawatt and  
7 less than twenty megawatts of nameplate generating capacity.

8 6. Standard offer contracts shall be in lieu of rates  
9 otherwise determined by the board pursuant to section 476.43.  
10 An unsuccessful applicant, or an alternate energy production  
11 facility with larger than twenty megawatts of nameplate  
12 generating capacity, shall be governed by the rates established  
13 in section 476.43.

14 7. The board shall submit a report to the general assembly  
15 by January 1 annually regarding participation levels and  
16 program results.

17 EXPLANATION

18 This bill establishes an alternate and renewable energy  
19 incentive program applicable to alternate energy production  
20 facilities approved for participation in the program.

21 The bill provides that an alternate energy production  
22 facility with a nameplate generating capacity of less  
23 than or equal to 20 megawatts which seeks to enter into an  
24 interconnection and power sales agreement with an electric  
25 utility may submit an application for approval to the Iowa  
26 utilities board. To be eligible to apply for the program, a  
27 facility must meet certain percentage ownership requirements  
28 specified in Code section 476C.1, subsection 6, paragraph "b",  
29 have applied for or obtained the necessary financing to cover  
30 facility construction and operation costs, complete a standard  
31 interconnection request form established by the board by rule,  
32 and meet the requirements for a qualifying facility pursuant to  
33 the federal Public Utility Regulatory Policies Act of 1978.

34 The bill provides that notwithstanding the maximum ownership  
35 or purchase requirements of Code section 476.44, an electric

1 utility shall be required to interconnect with a facility  
2 approved by the board for the program, but shall not be  
3 required to purchase an amount of energy from new program  
4 participants in a given year which exceeds 50 percent of its  
5 retail sales growth during the previous year. The bill states  
6 that amounts not purchased from program participants in a  
7 single year may be carried forward to subsequent years for at  
8 least five years.

9 The bill directs the board to develop a standard offer  
10 contract form to facilitate interconnection between an electric  
11 utility and a program participant, which shall be subject to  
12 biannual review and periodic adjustment by the board with  
13 respect to new program participants. All electric utilities  
14 shall file with the board standard offer contracts consistent  
15 with this form, subject to modification and board approval, and  
16 shall make these contracts available to any approved program  
17 participant. The bill provides that standard offer contracts  
18 shall continue in effect for 20 years, subject to termination  
19 provisions for failure to perform, to be established by the  
20 board by rule.

21 The bill specifies that standard offer contracts shall be  
22 calculated on a kilowatt-hour basis, and shall be based on  
23 each utility's cost, inclusive of its required rate of return,  
24 for the new development of each form of technology and project  
25 size, varying by the type of alternate and renewable energy  
26 production facility involved. For wind turbine facilities,  
27 the bill provides that separate standard offer contracts shall  
28 be calculated for facilities of between zero and one-half  
29 megawatt, and for facilities larger than one-half megawatt but  
30 less than 20 megawatts, and shall incorporate rates based on a  
31 single reference tower wind speed to be determined by the board  
32 by rule and adjusted to the wind speed of the project location.  
33 For photovoltaic facilities, the bill provides that separate  
34 standard offer contracts shall be calculated for facilities of  
35 between zero and 20 kilowatts, and for facilities larger than

1 20 kilowatts. For waste management facilities, agricultural  
2 crop and residue facilities, and hydroelectric facilities, the  
3 bill provides that separate standard offer contracts shall  
4 be calculated for facilities of between zero and one-half  
5 megawatt, and for facilities larger than one-half megawatt and  
6 less than 20 megawatts.

7 The bill states that standard offer contracts shall be  
8 in lieu of alternate and renewable energy rates otherwise  
9 determined by the board pursuant to Code section 476.43,  
10 and that an unsuccessful applicant, or an alternate energy  
11 production facility with larger than 20 megawatts of nameplate  
12 generating capacity, shall be governed by the Code section  
13 476.43 rates.

14 The bill requires the board to submit a report to the general  
15 assembly by January 1 annually regarding program participation  
16 levels and results.